

The following documents were prepared by individual members of the Fix My Streets Financing Working Group. They were presented as a draft on Aug. 30, 2016. The opinions expressed are not a formal recommendation by the Group in its entirety.

August 30, 2016

Opening comments

The following information to be presented is an accumulation of thoughts, ideas, suggestions and possibilities from a small group of individuals and only reflects a plan or recommendations to the administration of possible future actions. We ask that you recognize that this report is an expression of many ideas formulated through the eyes of contractors, engineers, architects, business people and ordinary citizens. To incorporate and initiate some of these ideas with the right people, proper organization and effort can and should be completed with minimal effort. Other parts of this plan although are good logically may be more difficult to complete because of the political implications. But, we have attempted to present this paper under the concept that there are no bad ideas and even bad ideas could lead to better and more obtainable conclusions.

The final plan for financing, reorganization and implementation should and will be the responsibility of a collaboration effort between the Fix Our Streets Committee, City Administration, State and Local Government and the Mayor of New Orleans.

Many of the suggestions and ideas presented here today are already in place to some degree and being performed daily by our present administration. Action items such as: increased hiring, planning, scheduling, organization along with evaluation and assessment of the street survey, continued research for additional funding, consideration for equable and needed street repairs by priority, open and frequent communication between all city government departments too increase efficiencies and performance and continuous efforts to improve the quality of our streets to name a few are presently underway. These action are performed daily in many cases with departments that have many dedicated employees that in cases are overworked and understaffed.

The suggestions here are a holistic approach to a major problem that affects the quality of life for every citizen and traveler in the New Orleans area. It is our suggestion that we take the time now to consolidate and prepare a master plan that prepares us to handle the largest construction effort of our time over the next twenty years (20). We could immediately begin to reorganize and prioritize these efforts that are presently underway with new initiatives. The ideas touch on in this report and expanded on by the formation and proposals developed in our subcommittees, will put a platform in place that will resolve our city street problems, create needed construction jobs and improve quality of life for all past, present and future.

August 30, 2016

Board Meeting

Fix My Street Working Group

Presentation Bullet Points

1) Opening Comments

2) Outline of the Processes for Street Replacement, Maintenance and Repair (page 1 paragraph one)

- a. Overview of the makeup of the board
- b. Purpose of the Fix My Street Working Group (FMS)
 - i. Long Term Plan
 - ii. Provide Funding sources for New, Repair and Maintenance of city streets.
 - 1. Review the current timeline and prioritization for expenditure of the FEMA \$2.2 Billion.
 - 2. Implement Storm water and green space initiatives.
 - 3. Improve coordination for new infrastructure and maintenance between S&W and DPW.
 - 4. Additional opportunities for increased funding.
 - 5. New methods to prevent waste and duplication of work.

3) A Plan Proposal- Form three primary committees (page 2 second paragraph):

- i. Construction Committee
- ii. Gap Finance Committee
- iii. Future Long Term Funding Committee

A) Construction Committee (Page 2 third paragraph):

- iv. Secondary Sub Committee:
 - 1. Review surveys, assess and estimate of the overall cost.
 - 2. Prepare construction schedules of proposed present and new work to be performed.
 - 3. Estimate of the overall repair/replacement cost (4,866,973 In ft. X \$1,500 per ft. =\$7,330,459,500).
 - 4. Estimate of the overall maintenance cost (\$1,670,500,000 +- or 20% of the actual construction cost).
- v. Secondary Sub Committee:
 - 1. Preparation of long term construction and cash flow schedules. This schedule will show when, where and how much for the work that will be done.
 - 2. Determine the availability of the required construction components such as :
 - a. Roadway Contractors
 - b. Minority and all necessary subcontractors contractors

- c. Service companies for concrete, raw materials and specialty materials.
 - d. The expansion of the personnel in each department.
- 3. Secondary Sub-Committee: (Page 3 Fifth Paragraph) :
 - a. Interface with the State legislature to explore ways to more fully utilize the services of local contractors and sub-contractors.
 - b. Means and methods of New Construction
 - c. Utilization of experience local engineers, construction, specialty contractor etc.
 - d. Coordination DPW and S & W.
- 4. Secondary Sub-Committee: (Page 4 First Paragraph)
 - a. Maintenance Cost Allocation 20 years X 20% allowance
 - b. Necessary allowance/funding for:
 - i. Establish a Pavement Management System
 - ii. Education for DPW and S&W Board employees to:
 - 1. Utilize computer systems
 - 2. Develop or utilize new or existing process and procedures to better manage work in progress.
 - 3. Hiring of top level employees familiar with auto cad, project management, contract administration, inspection etc.
 - a. Work with Civil Service to find a way to increase the pay structure of all employees in city government.
 - b. Establish guidelines which clearly define accountability and responsibility at every level.
 - c. Be prepared to terminate and replace employees for lack of performance but reward for outstanding service.

B) The Gap Research Committee (Page 5 First Paragraph)

V1 Secondary Sub Committee:

- 1) Review, evaluate, prioritize and assess the actual magnitude and cost of the new Construction.
- 2) Determine whether there are any uncapped federal, state or local funding available.

- 3) Check if federal, state or local funding from present taxes or fees that have association to infrastructure repairs could be shifted to partially fund our FOS initiative.
- 4) Determine whether previous mileages and taxes highlighted in the BGR report could be explored for a better use in FOS.
- 5) Make this process open and clearly show voters that all funding available is being spent efficiently so that if asked to support new tax initiatives they will be inclined to vote yes.

V2 Secondary Subcommittee-Overriding issues Page 5 paragraph three)

- 1) The Importance of the input of all citizens of the city.
- 2) Possibility of utilizing a network of divisions of the city by districts to form individual sub committees.
- 3) The possibility that each district would have its own board and chairperson to determine the community needs and desires for fixing and financing their streets improvements.
- 4) The use of town hall meetings to obtain the conscious of the community surrounding specific ideas.
- 5) Maintain and open door policy between the FMS Financing Working Group and all city departments.

Summary and Task of the First Report

- 1) Obtain and expand on the point of views, possible solutions or combination of ideas from the FMS board in reference to the above.
- 2) Decision by the board, to move ahead or not, with the formation of the three Committees.
- 3) Suggestions as to moving ahead with the hiring of necessary professional to prepare for the future involved with these large construction projects.
- 4) Suggestion to separate the new construction from the ongoing present day construction project.
- 5) Reorganization of DPW to allow for a Deputy Mayor of Public Works reporting directly to the Mayor with executive directors below the Deputy Mayor of PW. The Traffic Department which is presently under DPW should be moved into its own independent purview of the DPW.

C) Future Long Term Funding Committee (Will be addressed in the second paper on page one – two titled “Items to be considered as Funding Sources for Street Replacement, Maintenance, and Repair).”

This report is relatively direct and to the point and will be present in its entirety.

April 19, 2016

Items to be Considered as Funding Sources for Street Replacement, Maintenance, and Repairs

This document has been prepared by Mr. Freddy Yoder with input from Mr. Robert Lupo and Mr. Eric Songy and is their sole opinion using references from BGR reports and valued local consultants. This document has been prepared at the request of a letter dated 2/29/2016 from BGR, to The Fix My Streets Financing Working Group.

- Once the actual gap is determined, identify ways to fill the gap such as re-deployment of existing taxes, a city-wide fuel tax or street maintenance districts per neighborhood.
 1. The city debt service cost will drop about 50% in 2022, giving the city an opportunity to issue new bonds to fund additional street work. The city is in excellent financial position to fund capital improvements for infrastructure improvements over the next two (2) decades.
 2. Re-deployment of Present Taxes: (Example of potential cuts taken from Orleans Parish Entities By Tax Receipts, 2015 Estimates, page 2 of the BGR report “The \$1 Billion Question”:

▪ Orleans Parish School Board cut 10%X \$255=	\$25M
▪ Regional Transit Authority cut 5%X \$72M=	\$3.6
▪ Ernest Morial Convention Center cut 10% X \$58M=	\$5.8M
▪ Louisiana Stadium cut 10% X \$56M=	\$5.6M
▪ New Orleans Co & Visitors Center cut 5% X \$16M=	\$.8M
▪ Assessor’s Office cut 50% X \$10M=	\$5M
▪ St. Thomas Economic Develop cut 50% X \$2.6=	\$1.3M
▪ Magnolia Economic Development cut 50% X .3M=	<u>\$.15M</u>
▪ Total from above Re-deployment	\$47.25M
▪ Collected over 20 years X \$47.25=	\$1.890B
▪ Early Payments from FEMA in 2016 & 2017	\$1.5B
▪ S&WB Rate increase 20 years @ \$50M=	<u>\$1.00B</u>
▪ Total over the next 20years	\$4.39B

Ideas and Considerations:

- Reallocation of present taxes to complete this rebuilding project would seem to provide the best avenue of funding and minimize the need for considerable new taxes.
- The heart of the problem that has caused the deterioration of our streets is the lack of maintenance in the past and present day. We must provide the funding necessary for maintenance (+/- 20% of annual street budget) to preserve our streets long term.

- Research all available funding at all levels of government including local, state and federal levels.
- Research and determine the anticipated future funding which has been or will be committed over the next twenty years. It is important to know what funding is expected from the various areas in the future so those funds may be included in the overall funding plan.
- Research the current tax exempt treatment of revenue producing properties of non-profits.

Once all areas of available funding are explored, the idea and consideration of an additional paving lien program, use tax, fuel tax etc., should be considered. During this process the following consideration should be given:

1. Is there a need to explore additional funding through increase taxes in the form of a paving lien program, use tax, fuel tax or similar taxes?
2. If there is a need for increase taxes, how could we determine the proper allocation of this assessment?
3. Why should areas where streets are in relatively good shape pay the same as those areas with extensive street repair needs?
4. Has the redeployment of taxes concept reduced the amount of taxes the citizens of New Orleans have been required to pay? If so what is the savings to the individual tax payers of New Orleans that may be an offset?

If a new assessment or tax is considered, would it be possible to offset this tax for a future period of time by holding the property values (fix property tax) for a number of years while the new tax is in place.

5. Consideration should be given to dividing the city into thirteen street maintenance districts, forming boards and allowing all citizens interested to participate in the process.
 - a. If street maintenance districts are chosen, is there a way to assure that those who pay more for better streets are not double taxed. Can the citizens be given a break on property taxes when their property values increase?
 - b. If street maintenance districts are chosen as a possible solution, how do we address perceived disproportionate benefits to neighborhoods that could or could not afford repairs?

April 19, 2016

Various Observations Concerning the Process for Street Replacement, Maintenance, and Repairs

This document has been prepared by Mr. Freddy Yoder with input from Mr. Robert Lupo and the "Fix My Streets Initiative Neighborhood Committee" and is their sole opinion using references from BGR reports and valued local consultants.

OVERVIEW

Fix My Streets Financing Working Group

- The Fix My Streets Financing Working Group consists of fourteen individuals made up partially from **the academic section**, including engineers, urban planners, bond experts and financial planners; **the private sector** representatives including business leaders, neighborhood leaders, contractors; and from **the public sector** including city council representatives, Deputy Mayors, Executive Director of Regional Planning and Assessors Representatives, etc. I would particularly like to recognize our Chairperson Norma Jean Mattei for her leadership. In addition, the board has worked closely at every meeting with the Executive Director of Sewerage and Water Department (S&WB), Director of Public Works (DPW), Chief Financial Officer of the City (CFO) and The Bureau of Governmental Research (BGR). Our sincere gratitude is extended to everyone involved in this monumental project.
- The primary purpose of this group will be to devise a long-term plan to fix our streets, provide maintenances funding in the future and determine existing funding for new construction long-term. It has taken many years for the streets to deteriorate to their present condition and it will take decades to rebuild our streets. In our path forward as outlined by the City and the purpose of this board we should strive to establish and implement the following:
 - A. Coordinate and leverage ongoing S&WB and DPW programs to maximize the amount of work completed and avoid duplication of effort.
*Review the current timeline and prioritization of the \$2,000,000,000.00 FEMA allocation for street and infrastructure repair and replacement.
 - B. Implement innovative storm water management practices through green/sustainable infrastructure solutions and policies.
 - C. Improve current infrastructure maintenance by better coordination between S&WB and DPW.
 - D. Look for additional opportunities to increase funding for infrastructure maintenance and capital improvement.
 - E. In addition to the above, this commission should strive to find processes and procedures to improve the coordination of construction between S&WB and

DPW before, during, and after construction to prevent waste and duplication of work.

- To have lasting success, the plan would need to survive this and future administrations, but could serve as a lasting legacy of the current administration.

A Plan Proposal

The Fix My Streets Financing Working Group could form three primary committees that would focus on the following areas. Each of these three primary committees could utilize subcommittees to perform necessary research and recommendations for the future. They could find ways of improvement, engagement of the neighborhood leaders, utilization of existing taxes, services and available funding, etc. The three primary committees could be:

- A. Construction Committee**
- B. Gap Finance Committee**
- C. Future Long Term Funding Committee**

Construction Committee:

- a. ***Sub-Committee*** - Street Survey Assessment and Prioritization of streets by utilization and condition of the streets.
 1. Review the street survey and determine how to assess, estimate cost of the damage, and prioritize the damage by street location.
 2. Consider the work presently underway or planned in the future by DPW.
 3. Show the tracking of all future work to be performed and scheduled not only by DPW but all state and federal projects.
 4. The progress and survey of our streets and prioritization of those streets should be distributed information.
 5. Consideration should be given to the utilization and frequency of traffic flow for each street in need of repair.

*Estimate of overall repair/replacement cost:

- Construction Period- Estimated \$9 Billion +/- 20 year period= \$450M per year.
- Ballpark estimate of the overall damage: 1,547 miles of streets in NOLA X 5,265 ft. per mile- 8,144,955 total ln. Ft. of streets X 60% estimated to need replacement = 4,866,973 ln. Ft. X \$1,500/cost per ft. = \$7,330,459,500 replacement X 1.20% maintenance cost +\$8,796,550,800 total cost rounded to \$9,000,000,000 overall.

- b. ***Sub-Committee*** - Prepare long term construction schedules that coincide with the available cash flow in the years to come. This could possibly be a 20 year construction period.
 1. A master street construction plan should be prepared which would show the scheduling of work in the various sections of the city as taken from the street

survey report and the time this work is anticipated to be completed. This plan would be more of an abstract of the anticipated work and reflect how work would be equally divided throughout the city. This construction schedule and abstract should be prepared by an experienced professional scheduler.

2. **Sub-Committee** - Determine the availability/inventory of the construction components needed to complete the project such as: General Roadway Contractors, Specialty Minority Contractors, Service Suppliers such as Concrete and Asphalt plants, Sand and Aggregate pits, etc. Standards and educational components should be considered to determine the capabilities and availabilities of all these required components.
 3. The city may give consideration to hiring within DPW that will be necessary to accommodate the increase in construction. These employees of DPW would give the city more control over the work while reducing the cost of using outside consultants.
 4. The hiring of additional employees would provide for more diversity within the department of DPW.
- c. **Sub-Committee** - Legislation should be considered to allow for this work to be completed exclusively by local construction companies. The required state contractor license would remain in effect as would the city occupancy license. The permit inspection fees should remain in force to provide the various departments the necessary funding to furnish the additional manpower required to administer the work. Consideration should be given to increase the civil services employee rates for city workers in order to attract the increased number of city engineers, inspectors and employees require to see this (+- \$450M annually) (+- \$9B/\$450/per year =20 years) of construction work. The \$9B estimated to reconstruct the streets also does include the underground sewer, water, large drainage, small drainage, roadway surfaces, sidewalks and driveway aprons. In the calculation of the needed future funds for reconstruction, one should also include the additional funds to be collected throughout the S&WB rate increase over the next 20 years.
- A. Determine the means and methods of new construction with consideration for type of roadways (asphalt or concrete paving), subsurface drainage, curbs, sidewalks and driveway aprons. It should be kept in mind that asphalt roadway construction is less expensive but has a shorter life expectancy than concrete roadway surfaces.
 1. Utilize the experience of the local engineers, contractors, specialty contractor and vendors to maximize the most current designs, materials, and construction methods for efficient use of available funds for new construction.
 2. Coordination with Sewerage and Water Board:

- a. Advance installation of new water and sewer services before construction of new roadways.
- 3. Maintenance Cost Allocation- Estimated repair cost \$9Billion over 20 years period X 20% annual maintenance allowance = \$90M/per year for maintenance.
 - a. Increase funding to allow for the following:
 - i. Establish a Pavement Management System to monitor street maintenance and condition assessment and develop an objective procedure for prioritizing work. As per the recommendations of BGR we should develop a system of prioritization and formalize a procedure for changing the priorities. Set priorities that make sense and then stick to those priorities.
 - ii. Educate the employees of S&WB and DPW on ways to properly utilize the computer data and systems so they may achieve full benefit and utilization of the present and future computer systems and data.
 - iii. Develop or utilize existing process and procedures to manage street construction and maintenance in both DPW and S&WB departments.
 - iv. Hire top level engineers, AutoCAD operators, project managers, contract administrators, and inspectors to oversee these construction projects, systems and processes of both new construction and street maintenance.
 - 1. Work with Civil Services to increase the pay structure of all employees in city government but particularly employees at the management levels in DPW and S&WB. The Mercer Study in the early 1990's recommended a total revision of the Civil Service System but it was rejected due to cost. In order to properly fix our streets, the city must have the same benefit as private businesses and ability to hire the best employees available.
 - v. Establish organizational guidelines which clearly define accountability and responsibility at every level.

- vi. Be prepared to terminate and replace employees for lack of performance but reward for outstanding service.

The Gap Research Committee

1.) Magnitude of the Problem - Action items to review, evaluate, prioritize and assess the actual new construction cost. The street survey which was recently completed should provide vital information for this evaluation.

- Begin the process by determining the magnitude of the problem from the standpoint of actual estimated dollar amount needed to fix and maintain our streets.
 - Because of the magnitude of the problem and length of time (20 years), it should not be extremely important to determine if this is an 8, 9 or 10 billion dollar problem.
 - The rough order of magnitude of the problem is the key component.
- Determine whether there are previously untapped federal, state or local funds
- Check priorities and whether funds going elsewhere, particularly funds from taxes or fees that have an association to infrastructure repairs and should be shifted to fund street repairs.
- Determine whether previously recommended reforms from mileages and taxes highlighted in the BGR report, that have been implemented and whether there is a need for more reforms/changes.
- Ultimately, be able to show to voters that all the moneys that are available or should be made available are being spent and being spent efficiently so that if they are asked to support new taxes initiatives they will be inclined to vote yes.

OVERRIDING ISSUES

1. Whatever plan the Fix My Streets Financing Working Group decides to implement, it will be essential to obtain input from all parts of the city from the start of the process through its completion. Outreach and assistance from civic leaders in developing the plan will be key. We envision the Office of Neighborhood Engagement as well as individual council districts/members playing an active role in involving neighborhoods and civic groups so that they have a voice in the ultimate solution.
 - Perhaps the Fix My Streets Financing Working Group could utilize the taxing district divisions (believe there are 13 districts) as an organizational structure to engage sub-committees throughout the city to collect opinions, advice and needs of each of the thirteen districts. This information could be organized and forwarded back to the Fix My Streets Financing Working Group for consideration.
 - Each of the thirteen districts would have its own board and chairperson. The Fix My Streets Financing Working Group could provide the direction and needs of each individual board.

2. In the past at a town hall meeting involving over 700 people in attendance, they were asked to raise their hands if they would pay more in taxes if they knew, without doubt, that their streets would be fixed. By all accounts, everyone raised his or her hands. This told us that transparency is the answer to the success of this process.
3. An open door policy between the Fix My Streets Financing Working Group and all city department heads with the approval of the mayor is mandatory for success. The mayor has lived up to his promise and provided access to every department and all research to date. Without this open door policy the process would surely fail and for this we thank the mayor and his department heads for their foresight.

Summary

As we work to resolve this problem, the worst that can happen is that we open the eyes of our citizens to the great work presently underway in this administration; we show everyone that monies are being spent efficiently and in the process, we provide a plan that the citizens can either approve or not approve. With determination we may find a way to improve our streets annually but remain dedicated to long term efforts.

In summary of the above suggestions:

- A) Have each member of the FMS Group prepare their viewpoint, solution or combination of ideas as to how we may increase funding for infrastructure improvements along with managing the reconstruction process.
- B) Form three working committees utilizing the members of the Fix My Streets Financing Working Group as committee chair people:
 - a. **Construction Committee**
 - b. **Gap Finance Committee**
 - c. **Future Long Term Funding**
- C) Form numerous sub-committees as shown above within the three “Working Committees” and as necessary to obtain the details required to make recommendations to their Working Committees. The three Working Committees will then make recommendations to the Fix My Streets Financing Working Group and they will prepare their report to the mayor.
- D) Hire a professional planner and scheduler and implement a long range plan that does address every aspect of the construction, also develop a long range Critical Path Management Plan for construction and financing, have monthly planning meetings with the heads of all departments involved and stick with the plan.
- E) Separate the tasks of new construction from ongoing infrastructure maintenance work. The City should reorganize DPW to allow for a Deputy Mayor of Public Works reporting to the Mayor, the Executive Director of New Construction, Executive Director of Infrastructure Maintenance and Executive Director of DPW should report to the Deputy Mayor of Public Works. This Executive Director of Public Works should be sole responsible for improvements to utility and street improvements

required on a daily basis and not be involved in the reconstruction projects for “Fix My Streets.” These Executive Directors should report directly to the Deputy Mayor of Public Works. The Traffic Department which is presently under DPW should be move into its own department and out of the purview of the Department of Public Works.